

AMENDED IN SENATE AUGUST 6, 2012

AMENDED IN SENATE JUNE 6, 2012

AMENDED IN SENATE MAY 22, 2012

AMENDED IN ASSEMBLY MARCH 25, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1186

Introduced by Assembly Member Skinner

February 18, 2011

An act to add Section ~~38578~~ 640 to the ~~Health and Safety~~ *Public Utilities* Code, relating to ~~greenhouse gases~~ *energy*.

LEGISLATIVE COUNSEL'S DIGEST

AB 1186, as amended, Skinner. ~~California Global Warming Solutions Act of 2006: investor-owned~~ *Investor-owned* utilities: school energy efficiency.

(1) ~~The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990, to be achieved by 2020, and to adopt rules and regulations in an open public process to achieve the maximum, technologically feasible, and cost-effective greenhouse gas emissions reductions. The act authorizes the state board to include the use of market-based compliance mechanisms. The act authorizes the state board to adopt a schedule of fees to be paid by the sources of greenhouse gas emissions regulated pursuant to the act, and requires the revenues collected~~

~~pursuant to that fee schedule be deposited into the Air Pollution Control Fund and be available, upon appropriation by the Legislature, for the purposes of carrying out the act.~~

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, *including electrical corporations and gas corporations*. Existing law authorizes the commission to fix just and reasonable rates and charges.

~~This bill would require an investor-owned utility that receives proceeds from the monetization of greenhouse gas emissions allowances that may be directly allocated to the investor-owned utility by the state board pursuant to the act to submit to the commission an expenditure plan for those proceeds. The bill would prohibit the commission from approving that expenditure plan unless at least 10% of those proceeds is available for grants for certain cost-effective energy efficiency improvements for public schools providing instruction in kindergarten or grades 1 to 12, inclusive, in the individual investor-owned utility's service area. The bill would also require the plan to include measures to leverage other energy efficiency funding sources that do not adversely affect the grant program.~~

This bill would require the commission to hold a proceeding to establish a program to award grants to public schools providing instruction in kindergarten or grades 1 to 12, inclusive, for energy efficiency improvements including, but not limited to, advanced controls, lighting, upgrades to heating, ventilation, and air-conditioning systems, as well as hot water and kitchen appliances. The bill would require the commission to direct gas corporations and electrical corporations to implement that program within their respective service areas.

~~(2) Under~~

Under existing law, a violation of the Public Utilities Act or an order of the commission is a crime.

Because the provisions of this bill would require action by the commission to implement its requirements, a violation of the commission's orders would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. (a) Over 70 percent of the state's *K-12* public
2 school classrooms are over 25 years old.

3 (b) Schools account for approximately 12 percent of all
4 commercial energy consumption, representing not only a significant
5 cost to the state's public schools, but also demonstrating that
6 schools have a sizeable greenhouse gas emissions footprint.

7 (c) Many school districts and local governments know there are
8 opportunities to reduce both the economic cost and carbon
9 footprints of schools by having more energy efficient buildings,
10 operations, and maintenance. These financial savings could provide
11 schools with the flexibility to pay for other upgrades that enhance
12 the learning environment.

13 (d) It is in the best interest of the state to quickly reduce energy
14 consumption from schools ~~in a cost-effective manner.~~

15 ~~(e) The California Global Warming Solutions Act of 2006~~
16 ~~(Division 25.5 (commencing with Section 38500) of the Health~~
17 ~~and Safety Code) requires the state to reduce carbon emissions to~~
18 ~~1990 levels by 2020. As part of the regulations designed to achieve~~
19 ~~this goal, the State Air Resources Board has developed a carbon~~
20 ~~auction and trading system. Under the regulation, the state's~~
21 ~~investor-owned utilities will be given allowances for nearly 500~~
22 ~~million tons of greenhouse gas emissions, all of which must be~~
23 ~~auctioned. Revenues of those auctioned allowances become~~
24 ~~revenues for the investor-owned utilities.~~

25 ~~(f) The Public Utilities Commission, which oversees the~~
26 ~~investor-owned utilities, has an obligation to oversee the use of~~
27 ~~these revenues.~~

28 ~~(g) By directing that some of the investor-owned utilities'~~
29 ~~auction revenues be used to fund energy efficiency measures in~~
30 ~~public schools located in the investor-owned utility's service area,~~
31 ~~ratepayers of the investor-owned utility will benefit from increased~~
32 ~~budgetary flexibility, while also reducing greenhouse gas~~
33 ~~emissions.~~

34 SEC. 2. ~~Section 38578 is added to the Health and Safety Code,~~
35 ~~to read:~~

1 ~~38578. (a) Any investor-owned utility that receives proceeds~~
2 ~~from the monetization of greenhouse gas emissions allowances~~
3 ~~that may be directly allocated to the investor-owned utility by the~~
4 ~~state board pursuant to this part shall submit to the Public Utilities~~
5 ~~Commission an expenditure plan for those proceeds.~~

6 ~~(b) The Public Utilities Commission shall not approve any~~
7 ~~expenditure plan submitted pursuant to subdivision (a) unless the~~
8 ~~plan includes both of the following:~~

9 ~~(1) At least 10 percent of any proceeds received from the~~
10 ~~monetization of those greenhouse gas emissions allowances that~~
11 ~~are directly allocated to investor-owned utilities by the state board~~
12 ~~pursuant to this part is available to fund the award of grants for~~
13 ~~cost-effective energy efficiency improvements for public schools~~
14 ~~providing instruction in kindergarten or grades 1 to 12, inclusive,~~
15 ~~including, but not limited to, advanced lighting controls, upgrades~~
16 ~~to heating, ventilation, and air-conditioning systems, hot water,~~
17 ~~and kitchen appliances, for schools in the individual~~
18 ~~investor-owned utility's service area.~~

19 ~~(2) Measures to leverage energy efficiency funding sources~~
20 ~~other than that described in subdivision (a) that do not adversely~~
21 ~~affect the grant program in paragraph (1).~~

22 ~~SEC. 2. Section 640 is added to the Public Utilities Code, to~~
23 ~~read:~~

24 ~~640. (a) The commission shall hold a proceeding to establish~~
25 ~~a program to award grants to public schools providing instruction~~
26 ~~in kindergarten or grades 1 to 12, inclusive, for energy efficiency~~
27 ~~improvements including, but not limited to, advanced controls,~~
28 ~~lighting, upgrades to heating, ventilation, and air-conditioning~~
29 ~~systems, as well as hot water and kitchen appliances.~~

30 ~~(b) The commission shall direct gas corporations and electrical~~
31 ~~corporations to implement the program established pursuant to~~
32 ~~subdivision (a) for public schools providing instruction in~~
33 ~~kindergarten or grades 1 to 12, inclusive, within the respective~~
34 ~~service areas of those corporations.~~

35 ~~SEC. 3. No reimbursement is required by this act pursuant to~~
36 ~~Section 6 of Article XIII B of the California Constitution because~~
37 ~~the only costs that may be incurred by a local agency or school~~
38 ~~district will be incurred because this act creates a new crime or~~
39 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
40 ~~for a crime or infraction, within the meaning of Section 17556 of~~

- 1 the Government Code, or changes the definition of a crime within
- 2 the meaning of Section 6 of Article XIII B of the California
- 3 Constitution.

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